

Message Text

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FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC PRIORITY 0343

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY LONDON

C O N F I D E N T I A L NICOSIA 3691

E.O. 11652: GDS

TAGS: PINT, CY, TU, US, EINV

SUBJECT: TURKISH CYPRIOT REQUIREMENT FOR REGISTRATION

REF: A) STATE 222789, B) STATE 229175 C) NICOSIA 3478

1. ON OCTOBER 21 PETER W. BARSBY, RESIDENT DIRECTOR OF ESSO STANDARD NEAR EAST (INCORPORATED IN DELAWARE), REQUESTED EMBASSY'S ADVICE REGARDING "AUTONOMOUS TURKISH CYPRIOT ADMINISTRATION" (ATA) REGISTRATION REQUIREMENT FOR FOREIGN COMPANIES WISHING TO OPERATE IN TURK-CONTROLLED CYPRUS. BARSBY SAID HIS OFFICE HAD NOT REPAT NOT RECEIVED ANY DIRECT COMMUNICATION FROM ATA DEMANDING REGISTRY. HE HAD LEARNED OF IT ONLY THROUGH ANNOUNCEMENT BY UK HIGH COMMISSION ADVISING BRITISH COMPANIES OF REQUIREMENT. BARSBY SAID HE WAS TAKING RELAXED VIEW OF MATTER BUT WANTED ANY GUIDANCE EMBASSY MIGHT CARE TO OFFER.

2. WE REPLIED THAT EACH COMMERCIAL COMPANY, AFTER ASSESSING ITS INDIVIDUAL SITUATION ON BOTH SIDES OF DIVIDING LINE, WOULD BE BEST JUDGE OF DESIRABILITY OF COMPLIANCE OR
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NON-COMPLIANCE WITH ATA REQUIREMENT. DRAWING ON CONTENTS

REFTEL A, WE SAID THERE MIGHT BE SOME ADVANTAGE TO DELAYING REGISTRATION UNTIL SUCH TIME AS TURK INTENTIONS WERE CLEARER OR AT LEAST UNTIL FORMAL DEMAND FOR REGISTRY MADE.

3. BARSBY AGREED WITH THIS WAIT AND SEE APPROACH. HE SAID THAT BEFORE INVASION 40 PER CENT OF ESSO'S CYPRUS BUSINESS HAD BEEN IN REGION NOW UNDER TURK CONTROL. ESSO OWNED GAS STATION STRUCTURES AND EQUIPMENT BUT LEASED LAND ON WHICH THEY LOCATED, PRIMARILY FROM GREEK CYPRIOT LANDLORDS. UNDER RESTRICTIONS NOW OBTAINING IN TURK REGION, ESSO WOULD HAVE NO REPEAT NO INTEREST IN REOPENING GAS STATIONS -- THERE WERE SIMPLY TOO FEW VEHICLES IN OPERATION IN FAMAGUSTA AND MORPHOU (ESSO'S BUSIEST DISTRIBUTION POINTS) TO MAKE SALES PROFITABLE. MORE IMPORTANT, HOWEVER, WAS POSSIBLE ADVERSE EFFECT UPON ESSO STATUS IN GREEK CYPRUS. BARSBY CONCLUDED BY SAYING THAT RATHER THAN JEOPARDIZE ESSO'S OPERATIONS ON GREEK SIDE, WHERE BUSINESS IS BRISK, BY REGISTERING WITH ATA, HE WOULD RECOMMEND TO PARENT COMPANY THAT ESSO AVOID MAKING FIRST MOVE AND AWAIT FURTHER DEVELOPMENTS.

4. COMMENT. ESSO'S DECISION IS SIMILAR TO THAT TAKEN BY MOBIL OIL (CYPRUS) LTD., REPORTED REF C. CRAWFORD

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